Message Text

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PAGE 01 STATE 072938 ORIGIN EA-09

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DRAFTED BY EA/IMS:ARDORNHEIM:CCH APPROVED BY EA/IMS:EDWARD C. INGRAHAM

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E.O. 11652: N/A

TAGS: EMIN, EINV, ID

SUBJECT: GOI INQUIRY RE ALCOA INTENTIONS

REF: JAKARTA 3451

- 1. MR. PARRY, ALCOA'S VICE PRESIDENT FOR OPERATIONS PRIMARY PRODUCTS, STATES THAT ALCOA PLANS TO SEND REPRESENTATIVES TO JAKARTA WITHIN NEXT TWO MONTHS TO MEET WITH MINISTER SADLI TO DISCUSS ALCOA'S PLANS.
- 2. PARRY OBSERVED THAT THERE ARE TWO MAIN PROBLEMS WHICH ANY GROUP PLANNING TO DEVELOP WEST KALIMANTAN BAUXITE MUST FACE: PROSPECT OF BAUXITE GLUT FOR NEXT SEVERAL YEARS, AND HIGHER THAN USUAL COST OF PREPARING WEST KALIMANTAN ORE FOR FURTHER PROCESSING. RE LATTER, ORGANIC SUBSTANCES APPARENTLY HAVE TO BE WASHED OFF FIRST.
- 3. ALCOA PRESENTLY PLANS MAKING ONE MORE ATTEMPT THIS LIMITED OFFICIAL USE

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YEAR AT PUTTING TOGETHER A CONSORTIUM, BUT CHANCES OF SUCCESS ARE SEEN AS "ALMOST ZERO". PARRY DOUBTS THAT ANYBODY WOULD BE SERIOUSLY INTERESTED IN WEST KALIMANTAN PROJECT UNTIL MID-1980S.

4. ALCOA'S COMMENTS TO SADLI WILL BE ALONG ABOVE LINES. THERE WILL BE NO ATTEMPTS TO MISLEAD SADLI. PARRY

ACCEPTS POSSIBILITY, HOWEVER, THAT GOI MAY STILL DOUBT THAT IT IS BEING TOLD "THE TRUTH" AND MAY REFUSE ANY MORE EXTENSIONS TO LIFE OF CONTRACT OF WORK. SINCE IT COSTS ALCOA 50,000 DOLS ANNUALLY TO KEEP CONTRACT ALIVE, ALCOA MAY EVEN DECIDE NOT TO ASK FOR FURTHER CONTRACT EXTENSIONS. CHRISTOPHER

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